



NRE
BEARINGS

40th annual report

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ANNUAL REPORT 2004-2005

Directors : Trilochan Singh Sahney, *Chairman & Managing Director*
Dennis J. Noel
B. R. Sule
P. D. Ojha
Kala S. Pant
Gordon W. Robinson
Harshbeena S. Zaveri
K. M. Elavia - Alternate to Dennis Noel
Devesh S. Sahney

Bankers : Canara Bank
Citibank N.A.
BNP Paribas

Auditors : A. F. Ferguson & Co.

Solicitors : Wadia Ghandy & Co.

Registered Office : Dhannur, 15 Sir. P. M. Road, Fort
Mumbai - 400 001

Works : Pokhran Road No.2, Majiwade
Thane - 400 606

E-40, M.I.D.C. Industrial Area, Chikalthana
Aurangabad - 431 010

C-6, Additional M.I.D.C. Industrial Area
Jalna - 431 203

E-72, (I) & (II) M.I.D.C., Waluj
Aurangabad - 431 133

A-5, Uppal Industrial Estate
Hyderabad - 500 039

Registrar & Share Transfer Agent : Mondkar Computers Pvt.Ltd.
25, Shakil Niwas, Mahakali Caves Road
Andheri (East), Mumbai - 400 093
Tel: 2836 6620, 2825 7641 Fax: 2836 9704, 2825 7641

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AGM NOTICE

The Members,
NRB BEARINGS LIMITED

NOTICE IS HEREBY GIVEN that the 40th Annual General Meeting of the members of the Company will be held at M C Ghia Hall, K Dubash Marg, Mumbai 400 001 on Thursday 11th, August, 2005, at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Accounts, Balance Sheet, Cash Flow Statements and the reports of the Directors and Auditors for the year ended 31st March, 2005.
2. To declare a dividend for the year ended 31st March, 2005.
3. To appoint a Director in place of Mr. B R Sule who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Ms. H S Zaveri who retires by rotation and is eligible for re-appointment.
5. To consider and if thought fit, to pass with or without modifications, the following resolution:
"RESOLVED THAT M/s. A F Ferguson & Co., Chartered Accountants, Mumbai be and are hereby re-appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting on such remuneration plus out-of-pocket expenses, as may be mutually agreed upon between the Board of Directors and the Auditors."

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

Reappointment of Mr. T.S. Sahney as Managing Director

"RESOLVED THAT in accordance with the provisions of section 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, and subject to the approval of the Central Government under the provisions of Section 269 consent of the Company be and is hereby accorded to the re-appointment of Mr. T.S. Sahney as the Managing Director with effect from 1st October, 2005 for a period of five years upon the terms and conditions and stipulations contained in the draft Agreement to be entered into between the Company and Mr. T S Sahney, a copy whereof is placed before the meeting and for the purpose of identification initialled by the Chairman hereof. The revised terms and conditions are as under:

- A. Mr. T S Sahney, Managing Director shall carry out duties as may be entrusted to him subject to the supervision and control of the Board of Directors.

B. Remuneration

Basic:

Rs. 2,50,000 in the grade of Rs. 1,00,000 - Rs. 5,00,000

The annual increments which will be effective 1st October each year will be decided by the Board and will be merit based and take into account the Company's performance.

C. Perquisites:

In addition to the basic salary payable, the Managing Director shall also be entitled to allowances/perquisites noted below in accordance with the rules of the Company.

- a. Housing
 - i. Free unfurnished accommodation in case the accommodation is owned by the Company.
 - ii. In case the accommodation is hired by the Company the expenditure by the Company on hiring such unfurnished accommodation for the Managing Director will be subject to a ceiling of 60% of the salary over and above 10% payable by the Managing Director.
 - iii. In case no accommodation is provided by the Company, the Managing Director shall be entitled to house rent allowance subject to the ceiling of 60% of the monthly basic salary.
- b. The expenditure incurred by the company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962.
- c. Leave travel assistance
Reimbursement of actual traveling expenses to any place in India and return there from in respect of himself and family.
- d. Reimbursement of Medical Expenses
Reimbursement of medical expenses for self and family.
- e. Personal Accident insurance
Premium not exceeding Rs.4500/- p.a.
- f. Club Fees
Reimbursement of membership fees for clubs.
- g. Provision of car with driver and telephone at residence will not be considered as perquisites.
- h. Contribution to Provident Fund, will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable, under the Income-Tax Act, Gratuity payable will not exceed half a month's salary for each completed year of service.

D. Commission

Such remuneration by way of Commission at the rate of 1% for each financial year, in addition to the above salary and perquisites calculated with reference to the net profit of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceiling stipulated in sections 198 and 309 of the Act, and limited to one year basic salary will be payable to the Managing Director for the relevant financial year.

E. Minimum Remuneration

Notwithstanding anything herein, where in any financial year during the currency of tenure of the Managing Director, the company has no profits or its profits are inadequate, the company will pay him remuneration by way of salary and perquisites specified above.

Further resolved that the board of directors of the company be and is hereby authorized and empowered to approve annual increments and to make such improvements in the terms of remuneration to Mr.T.S.Sahney, Managing Director as may be permissible under and by any amendments of Schedule XIII to the Companies Act, 1956 or by way of any government guidelines or instructions, the intention being that no further approval of the company will be required so long as remuneration of the Managing Director is not in excess of the maximum permissible under relevant laws, rules, regulations, guidelines or instructions as may be promulgated or issued after the date of this meeting.

7. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

Revision in remuneration of Ms.H S Zaveri

"RESOLVED THAT in partial modification of the resolution passed at the Annual General Meeting held on 13th August, 2003 and as approved by the Board of Directors at their meetings held on 31st July, 2004 and 27th June, 2005 and pursuant to the provisions of section 198, 269 and 309 read with schedule XIII

and other applicable provisions, if any of the Companies Act, 1956, consent be and is hereby accorded to the variation in the terms of appointment of Ms. Harshbeena S Zaveri, President and Wholetime Director w.e.f. 1st April, 2005. The terms and conditions of variation as applicable w.e.f. 1st April, 2005 are as under:

Basic

Rs.1,50,000 in the grade of Rs.75,000 – Rs.4,50,000

Annual increments effective 1st April each year will be decided by the Board and will be merit based and take into account the Company's performance.

Perquisites

In addition to the basic salary the perquisites noted below will also be payable.

- a. Housing
 - i. Free unfurnished accommodation in case the accommodation is owned by the company.
 - ii. In case no accommodation is provided by the Company house rent allowance subject to a ceiling of 60% of the monthly basic salary.
- b. The expenditure incurred by the company on providing electricity and furnishings for the accommodation shall be valued as per the Income tax rules 1962.
- c. Leave travel assistance
Once in a year, incurred in accordance with the rules specified by the Company, subject to a ceiling of Rs.75,000/- p.a.
- d. Reimbursement of Medical Expenses
Reimbursement of medical expenses for self and family, subject to a ceiling of Rs.50,000/- p.a. or Rs.1,50,000 over a period of three years.
- e. Medical/Accident Insurance
As per rules of the company
- f. Personal Accident Insurance
As per rules of the company with annual premium not exceeding Rs.4500/-.
- g. Club fees
Reimbursement of membership fees for upto 2 clubs not exceeding Rs.40,000/- p.a.
- h. Provision of car with driver and telephone at residence will not be considered as perquisites.
- i. Contribution to Provident Fund, Superannuation Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable, under the Income-Tax Act, Gratuity payable will not exceed half a month's salary for each completed year of service.

Commission

Such remuneration by way of Commission at the rate of 1% for each financial year, in addition to the above salary and perquisites calculated with reference to the net profit of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceiling stipulated in sections 198 and 309 of the Act, and limited to half year's basic salary will be payable to the President and Whole time Director for the relevant financial year.

Minimum Remuneration

Notwithstanding anything herein, where in any financial year during the currency of tenure of the President, the company has no profits or its profits are inadequate, the company will pay her remuneration by way of salary and perquisites specified above.

Further resolved that the board of directors of the company be and is hereby authorized and empowered to approve annual increments and to make such improvements in the terms of remuneration to Ms.H.S.Zaveri, President as may be permissible under and by any amendments of Schedule XIII to the

Companies Act, 1956 or by way of any government guidelines or instructions, the intention being that no further approval of the company will be required so long as remuneration of the President is not in excess of the maximum permissible under relevant laws, rules, regulations, guidelines or instructions as may be promulgated or issued after the date of this meeting.

"RESOLVED FURTHER THAT consent is hereby granted for the payment of perquisites of leave travel assistance and club fees aggregating Rs.27,500 paid for the year ended 31st March, 2005 in excess of the remuneration approved by the members at the Annual General Meeting held on 13th August, 2003 and approved by the Board of directors at their meeting held on 31st July, 2004."

8. To consider and, if thought fit, to pass with or without modifications the following Resolution as an Ordinary Resolution:

Revision in remuneration of Mr.D S Sahney

"RESOLVED THAT in partial modification of the resolution passed at the Annual General Meeting held on 13th August, 2003 and as approved by the Board of Directors at their meetings held on 31st July, 2004 and 27th June, 2005 and pursuant to the provisions of section 198, 269 and 309 read with schedule XIII and other applicable provisions, if any of the Companies Act, 1956 consent be and is hereby accorded to the variation in the terms of appointment of Mr.D S Sahney, Director Strategic Sourcing w.e.f.1st April, 2005. The terms and conditions of variation as applicable w.e.f.1st April, 2005 are as under:

Basic

Rs.72,000 in the grade of Rs.25,000 - Rs.2,00,000

Annual increments effective 1st April each year will be decided by the Board and will be merit based and take into account the Company's performance.

Cash allowances

Education allowance Rs.6000 p.m. payable as per the rules of the company

Other allowance Rs.10000 p.m. payable as per the rules of the company

Perquisites

In addition to the basic salary the perquisites noted below will also be payable.

- a. Housing
 - i. Free unfurnished accommodation in case the accommodation is owned by the company
 - ii. In case no accommodation is provided by the Company house rent allowance subject to a ceiling of 40% of the monthly basic salary.
- b. The expenditure incurred by the company on providing electricity and furnishings for the accommodation shall be valued as per the Income tax rules 1962.
- c. Leave travel assistance
Once in a year, incurred in accordance with the rules specified by the Company, subject to a ceiling of Rs.50,000 p.a.
- d. Reimbursement of Medical Expenses
Reimbursement of medical expenses for self and family, subject to a ceiling of Rs.20,000/- p.a. or Rs.60,000 over a period of three years.
- e. Medical/Accident Insurance
As per rules of the company.
- f. Provision of car with driver and telephone at residence will not be considered as perquisites.
- g. Contribution to Provident Fund, Superannuation Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable, under the Income-Tax Act, Gratuity payable will not exceed half a month's salary for each completed year of service.

Commission

Such remuneration by way of Commission at the rate of 1% for each financial year, in addition to the above salary and perquisites calculated with reference to the net profit of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceiling stipulated in sections 198 and 309 of the Act, and limited to half year's basic salary will be payable to the Director - Strategic Sourcing for the relevant financial year.

Minimum Remuneration

Notwithstanding anything herein, where in any financial year during the currency of tenure of the Director-Strategic Sourcing, the company has no profits or its profits are inadequate, the company will pay him remuneration by way of salary and perquisites specified above.

Further resolved that the board of directors of the company be and is hereby authorized and empowered to approve annual increments and to make such improvements in the terms of remuneration to Mr.D.S.Sahney, Director-Strategic Sourcing as may be permissible under and by any amendments of Schedule XIII to the Companies Act,1956 or by way of any government guidelines or instructions, the intention being that no further approval of the company will be required so long as remuneration of the Director-Strategic Sourcing is not in excess of the maximum permissible under relevant laws, rules, regulations, guidelines or instructions as may be promulgated or issued after the date of this meeting.

"RESOLVED FURTHER THAT consent is hereby granted for the payment of commission and cash allowances aggregating Rs.4,11,000 paid for the year ended 31st March, 2005 in excess of the remuneration approved by the members at the Annual General Meeting held on 13th August, 2003 and approved by the Board of directors at their meeting held on 31st July, 2004."

9. To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

Enhancement in Borrowing Powers to Rs.150 crores

"RESOLVED THAT in partial modification of resolution no. 7 passed at the Annual General Meeting held on 28th August,1997, the consent of the Company be and is hereby accorded under the provisions of Section 293(1)(d) of the Companies Act,1956, to the Board of Directors of the company for borrowing from time to time all such sums of money not exceeding Rs.150,00,00,000 (Rupees One Hundred Fifty Crores) as they may deem requisite for the purpose of the business of the company, notwithstanding that moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not so set apart for any specific purpose."

By Order of the Board

S. C. Rangani
Secretary

Mumbai : June, 27 2005

Notes

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
Proxies in order to be effective, must be received by the Company not less than 48 hours before the meeting.
2. The relative explanatory statement pursuant to Section 173 of the companies Act 1956 in respect of special business items 6 - 9 is annexed hereto.
3. The Register of Members of the Company and Transfer Books thereof will be closed from Monday 1st August, 2005 to Thursday 11th August, 2005 (both days inclusive).

4. The dividend after declaration, will be paid to those shareholders whose name stand on the register of members on 11th August, 2005 (in respect of shareholders holding physical shares). The dividend in respect of shares held in the electronic form will be paid to the beneficial owners of the shares whose names appear in the list furnished by the depositories for this purpose as on 1st August, 2005.

Members and all others concerned are requested to lodge transfer deeds, change of address communication, mandates (if any) with the Company's Share Transfer Agents M/s.Mondkar Computers Pvt.Ltd., 25, Shakil Niwas, Mahakali Caves Road, Andheri (East), Mumbai 400 093 on or before 1st August, 2005 in respect of shareholders holding physical shares, while in respect of shares held in the electronic form such details should be furnished to the respective depository participants.

5. The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the depositories for depositing dividend through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available. In the absence of ECS facilities, the company will print the bank account details if available, on the payment instrument for distribution of dividend.

EXPLANATORY STATEMENT

As required by Section 173 of the Companies Act,1956, the following Explanatory Statement sets out all material facts relating to the business mentioned under items 6 - 9 in the accompanying notice dated 27th June, 2005.

ITEM-6

Reappointment of Managing Director

The present term of Mr.T S Sahney as Managing Director of the company expires on 30th September, 2005. The Board of Directors on subject to the approval of the members, reappointed Mr.T S Sahney as Managing Director of the company for a period of 5 years w.e.f.1st October, 2005 on the remuneration and terms and conditions set out in the draft agreement to be entered into between the company and Mr.T S Sahney, a copy whereof duly initialed by the Chairman for the purpose of identification, is available for inspection at the Registered office of the company between 10.30 a.m and 12.30 p.m. on any working day of the company upto and including the date of the 40th Annual General Meeting.

Other terms and conditions

- i. The Managing Director shall be entrusted with substantial powers of management of the business and affairs of the company;
- ii. Managing Director to faithfully and diligently serve the interests of the company;
- iii. Employment of the Managing Director to forthwith determine if he becomes insolvent or makes any composition or arrangement with the creditors;
- iv. Company to reimburse the Managing Director expenses incurred by him for traveling and business related expenses;
- v. Managing Director not to be paid fees for attending meeting of the Board;
- vi. In the event that the Managing Director dies during the term of the Agreement, the company shall pay to his legal personal representatives the salary and other emoluments payable for that month;
- vii. Either party may terminate the Agreement by giving not less than six calendar months notice in writing to the other party.

Your Directors are of the view that the reappointment of Mr.T S Sahney as Managing Director of the company will be in the interest of the company and, accordingly, recommend the resolution at item no.6 for your acceptance.

Memorandum of Interest

Ms.Harshbeena S Zaveri and Mr.Devesh S Sahney, Directors, are the daughter and son respectively of Mr.Trilochan Singh Sahney. Apart from Mr.T S Sahney, Ms.H S Zaveri and Mr.D S Sahney, no other Directors are concerned or interested in the resolution.